SUPREME COURT, U. S.

IN THE

Supreme Court of the United States

October Term, 1970
No. 1463

DEKAR INDUSTRIES, INC., A & E PLASTIK PAK CO., INC., JOSEPH DEKEL and YEHOCHAI SCHNEIDER,
Petitioners,

vs.

BISSETT-BERMAN CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

BRIEF FOR RESPONDENT IN OPPOSITION.

CHARLES H. SCHWARTZ,
ELLSWORTH R. ROSTON,
WILLIAM H. PAVITT, JR.,
4262 Wilshire Boulevard,
Suite 320,
Los Angeles, Calif. 90010,
Counsel for Respondent.

Parker & Son, Inc., Law Printers, Los Angeles. Phone 724-6622

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Opinions Below.

The opinion of the District Court appears in the Appendix to the Petition at pages 2-7. The opinion of the Court of Appeals for the Ninth Circuit affirming the order for preliminary injunction is reported at 434 F. 2d 1304 and appears in the Appendix to the Petition at pages 8-12. The order denying a rehearing appears in the Appendix to the Petition at page 13.

Jurisdiction.

The jurisdictional requisites are adequately set forth in the petition.

Question Presented.

Whether actual conflict exists, as stated by petitioners, with other circuits on the issues, with applicable decisions of this Court, with Federal patent law and policy, with Federal antitrust law, with constitutional rights of petitioners or with applicable California law, or are petitioners merely alleging that the District Court and the Court of Appeals for the Ninth Circuit are in error in their application of the law to the specific facts of this litigation.

Constitutional Provisions and Statutes Involved.

The pertinent portions of the United States Constitution and Federal and California statutes are set forth in the Petition at page 3 and are quoted in the Appendix to the Petition at pages 21-25.

Statement.

Petitioners have presented at pages 2 and 3 of the Petition five questions which are stated to be presented for review. Also, on pages 12 through 39 of the Petition, the petitioners discuss six alleged areas of conflict with other authorities and state that these areas of conflict are present in this case. Stripping away the verbiage of the questions and alleged areas of conflict actually leaves a situation where the petitioners are unhappy with the decision of the District Court and of the Court of Appeals for the Ninth Circuit and disagree with these decisions and with the application of the law to the specific facts of this litigation.

Petitioners' "statement of the case" is superficial from the standpoint of providing this Court with factual background in which the District Court granted the Order for Preliminary Injunction, which was affirmed by the Court of Appeals for the Ninth Circuit. The Court's attention is directed to pages 5 through 36 of respondent's (appellee's) brief before the Court of Appeals for the Ninth Circuit. These pages fully describe the facts relative to this litigation, which facts are fully supported by references to the Record.

Respondent also presented to the District Court, prior to the hearing on the Preliminary Injunction, a Supplemental Memorandum in Support of the Order for Preliminary Injunction, and in that Supplemental Memorandum respondent fully reviewed the factual basis with reference to particular deposition testimony and to affidavits to support the Order for Preliminary Injunction.

In its brief before the Ninth Circuit and in the Supplemental Memorandum before the District Court, respondent fully described and supported, with references to the Record, the following areas:

Respondent's development of its electrolytic cells and its methods and techniques and special equipment for manufacturing such electrolytic cells on a continuous basis in volume and with predictable and reliable characteristics (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 7, 8, 11-13, 15 and 35, supported by the following Record citations: R.

601-604, 608-614, 670-683, 703, 704, 759-762, 772-787, 791-805, 811, 812, 824-826, 832-834, 890, 935-937, 1042, 1043, 1048-1050);

The backgrounds of respondent's former supplier, Dekel, and Respondent's former key employee, Frick, in the area of electrolytic cells (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 12-16, supported by the following Record citations: R. 575, 600-607, 615-622, 679, 682-687, 703-705, 717, 765, 794-797, 946-1041);

The plan of the former supplier and former employee to make in Israel, under the direction of the former employee, electrolytic cells substantially identical to those made and sold by respondent and to use methods substantially identical to those used by respondent (593, 594, 645-648, 654, 655, 662-665, 699, 700, 738-746; 835-850, 856-875, 881-883, 890-899, 900-934, 1061, 1062);

The obtaining of financing by the former supplier, Dekel, from the Israeli Government with the knowledge and help of the former employee and of a further defendant, Schneider (R. 595, 640-642, 644, 648-654, 656-661, 836, 851-853, 855, 872-880, 1058);

The actual procurement and appropriation by Dekel and Frick of materials, parts and equipment to make electrolytic cells within a very short order of time in February, 1969, immediately after Frick's resignation from respondent's employ (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 11,

12, supported by the following Record citations: 576-592, 629-637, 639, 666-669, 718, 724-726, 729-734, 749-751, 754, 788, 938-945, 1044-1046);

Particular examples of proprietary information used by Dekel and Frick in manufacturing electrolytic cells in February, 1969, in the United States and to be used in Israel for the further manufacture of electrolytic cells (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 22-28, 30-33, supported by the following Record citations: R. 551-555, 580, 623, 624, 626-628, 635, 637, 688-691, 696-699, 719-723, 727-730, 735-737, 754-756, 758, 781, 806-819, 825-831, 885-889, 938-945); and

The methods and techniques for manufacturing such electrolytic cells on a continuous basis in volume and with predictable and reliable characteristics do not constitute public knowledge and are not described in any publications or patents (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 40-45a, supported by the following Record citations: R. 550-556).

ARGUMENT.

The Petition is voluminous and includes many arguments not pertinent to the Petition for the Writ of Certiorari. In order to simplify this opposition, respondent will answer the five questions on pages 2 and 3 of the Petition and briefly discuss the six areas of alleged conflict appearing on pages 9 through 39 of the Petition.

Question 1. The Order for Preliminary Injunction is not an exception to Federal Rule of Civil Procedure, Sec. 65(d), since the Order for Preliminary Injunction describes in reasonable detail and not by reference to the complaint or other document the acts sought to be restrained. Paragraph 4 of the Order restrains petitioners' use of particular methods and techniques of respondent in connection with the production in volume on a continuous basis of respondent's electrolytic cells. The Court of Appeals for the Ninth Circuit has clearly held that the acts sought to be restrained are specified in reasonable detail. As the Court of Appeals stated:

> "Defendants are fairly informed—by Paragraph 4 of the Order—that the techniques are those employed by plaintiff with respect to particular components of the cells at certain clearly specified stages in their manufacture and to achieve particular results."

Question 2. The District Court has found that respondent possesses certain valuable trade secrets and that respondent has retained and still retains such trade secrets in confidence and that the Order for Preliminary Injunction does set forth the acts to be prohibited, which acts include the use of the specific trade secrets. Moreover, the Court of Appeals for the Ninth Circuit has held that the petitioners are fully aware of respond-

ent's methods of processing and manufacturing of the electrolytic cells and that petitioners have been informed in advance of the hearing before the District Court of the specifics of the claims by respondent's answers to numerous interrogatories and requests for admissions and by affidavits supporting the motion for preliminary injunction. There is no conflict with any decisions in any other circuits since petitioners have not been prohibited the use of well known techniques of mass production but have been prohibited only the use of respondent's methods and techniques which have been held to be trade secrets. Petitioners have merely set up a fictitious issue and then have claimed that this provides a conflict.

Question 3. In filing its patent applications, respondent has fully complied with the Patent Laws and included in the patent applications a written description of the invention and of the manner and process of making and using the invention in full clear, concise and exact terms so as to enable any person skilled in the art to make and use the same, and respondent has set forth the best mode of carrying out the invention as contemplated by the inventor at the time of filing the patent applications. Petitioners seem to be advancing a proposition, unsupported by statute or cases, that patent applications should be continuously amended during their prosecution to include all later developments. It is obvious that such a proposition would be impractical and would also be barred by the practice of the Patent Office. It would be impractical since quite often improvements are made by parties other than the original inventors. Also, the amendments would be barred since the Patent Office does not permit amendments including new matter to be filed in patent applications.

Once an application is filed, an applicant cannot subsequently change the disclosure of the application except in accordance with Rule 118 of the Rules of the United States Patent Office (37 C. F. R. §1.118), which reads as follows:

> "Amendment of disclosure. In original applications, all amendments of the drawings or specifications, and all additions thereto, *must conform to at least one of them as it was at the time of the filing of the application.* Matter not found in either, involving a departure from or an addition to the original disclosure, cannot be added to the application even though supported by a supplemental oath, and can be shown or claimed only in a separate application." (emphasis supplied).

In other words, any addition or new matter to a patent application pending in the United States Patent Office can be made only by refiling the patent application or by filing a new patent application. It has always been held that the applicant make a full disclosure as he best knows *at the time he files his application,* not at the time the patent issues.

See:

Adams v. United States, 330 F. 2d 622, 626 (Ct. Cls. 1964) Aff'd 383 U.S. 39, 86 S. Ct. 708;

Benger Labs. Ltd. v. R. K. Laros Co., 209 F. Supp. 639, 644 (E.P. Pa., 1962), Aff'd 317 F. 2d 455, c. d. 375 U.S. 833;

Engelhard Industries, Inc. v. Sel-Rex Corp., 149 U.S.P.Q. 607, 610, 611 (D. N.J., 1966).

Question 4. The basis of the decision of the District Court resulting in the Order for Preliminary Injunction and the decision by the Court of Appeals for the Ninth Circuit upholding that Order has been that respondent has trade secrets and that they have been fully defined to petitioners and that they have been retained in confidence by respondent and that, to the best information of respondent, the trade secrets distinguish from non-trade secret technology. If petitioners have any information which would show that any of respondent's trade secrets are publicly known, they have an obligation to bring this information before the Court. Petitioners have not done so because respondent's trade secrets are not known to others and are not available to the public.

Question 5. The District Court and the Court of Appeals have clearly held that the acts to be restrained are described in reasonable detail in the Order for Preliminary Injunction and that the findings of fact and conclusions of law are sufficient for an understanding of the Order. This holding is in conformity with both Federal law and with California law. Accordingly, petitioners' quarrel is with the amount of detail contained in the Order for Preliminary Injunction.

It can be seen from a review of the five questions presented for review by petitioners that none of these questions involves any conflicts with existing law of this Court or any other court but that petitioners merely disagree with the decision of the District Court and the Court of Appeals for the Ninth Circuit and specifically disagree with the Courts' application of existing law to the specific facts of this litigation. Such a disagreement is not a proper ground for a petition for a writ of certiorari.

In regard to the six areas of conflict which are stated to be present in the petition, those areas will be discussed briefly.

1. Conflicts With Other Circuits on the Same Issues.

The Court of Appeals for the Ninth Circuit has held that the Order for Preliminary Injunction does contain findings which in its estimation fairly comport with all requirements of Rule 52(a), since they provide " 'a clear understanding of the basis of the trial court's decision, and . . . enable [us] . . . to determine the ground on which the trial court reached its decision.' *Irish v. United States,* 225 F. 2d 3, 8 (9th Cir. 1955);[2] in addition, they have supported in the evidence and are not clearly erroneous." Furthermore, the Court of Appeals for the Ninth Circuit has held that the injunctive order adequately meets the requirements of Rule 65(d) that the injunctive order be "specific in terms" and describe "in reasonable detail" the acts sought to be restrained. The Court of Appeals has further held that petitioners are fairly informed by paragraph 4 of the Order "that the techniques are those employed by plaintiff, with respect to particular components of the cells, at certain clearly specified stages in their manufacture and to achieve particular results." It does not appear that the Court of Appeals for the Ninth Circuit is in conflict with other circuits on the same issues. It appears, rather, that petitioners merely disagree with the application of the law by the Ninth Circuit to the specific facts of this litigation.

2. Conflicts With Applicable Decisions of This Court.

In a similar manner to that described above, it does not appear that the decision is in conflict with any decision of this Court. Again, petitioners merely are in disagreement with the application of the law to the specific facts. Basically, petitioners are under the impression that the Order for Preliminary Injunction must include all the details of the acts which are restrained. If this were to be done, the Order for Preliminary Injunction would no longer be a document which could be clearly understood but rather would become a manufacturing specification which would be unwieldy and difficult, if not impossible, for a court to administer. The Court of Appeals has rightly held that petitioners are to be fully informed in reasonable detail of the acts to be restrained but that those acts of necessity include considerable detail which is not present in the order and that petitioners have been fully informed of those details. This, the Court of Appeals has held, has been accomplished since both Frick, the former employee, and Dekel, the former supplier, have played major roles in respondent's extensive program of research and development that culminated in respondent's adopting particular methods of processing and manufacturing and that both Frick and Dekel were fully informed of such methods during their association with respondent. In addition, and more importantly, respondent, aware of its responsibilities in this matter, informed petitioner in advance of the hearing on the Order for Preliminary Injunction of the specifics by answers to numerous interrogatories and requests for admissions and by affidavits, deposition testimony and in its Supplemental Memorandum in Support of the Preliminary Injunction. The Order for Pre-

liminary Injunction does clearly state in reasonable detail the acts to be restrained.

3. Conflicts With Federal Patent Law and Policy.

There does not appear to be any conflict with *Lear v. Adkins* and the *Sears* and *Compco* cases of this Court. None of these cases holds that trade secrets may not be protected in an appropriate situation. Petitioners assume that the injunction covers acts which are not trade secrets. However, the District Court has held, and the Court of Appeals has affirmed, that respondent does possess certain valuable trade secrets and that respondent has retained and still retains such trade secrets in confidence and that petitioners, through Dekel and Frick, have had access to these trade secrets and that petitioners have used respondent's trade secrets and techniques without respondent's consent and in unfair competition with respondent.

4. Conflicts With Federal Antitrust Law.

There is no conflict with Federal antitrust law since the injunction does clearly specify the acts to be restrained and since the trade secrets have been clearly specified to petitioners.

5. Conflicts With Constitutional Rights of the Petitioners.

Quoting the Court of Appeals for the Ninth Circuit, it is stated:

> "Defendants' due process contention borders on the frivolous. In addition to the facts alleged in the complaint—if more were needed—defendants were also informed in advance of the hearing of the specifics of the claims to plaintiff's answers to numerous interrogatories and requests for admission and by affidavit supporting the motion for preliminary injunction."

On this basis, there is no conflict with any constitutional rights of petitioners.

6. Conflicts With Applicable California Law.

It is difficult to see where there is any conflict with applicable California law on trade secrets since the decision of the District Court as affirmed by the Court of Appeals for the Ninth Circuit appears to be fully supported by California cases. Specifically, *Components for Research, Inc., v. Isolation Products, Inc.*, 241 Cal. App. 2d 726, appears to be rather similar in facts to the present litigation and supports the decision in the present case. Also, *Winston Research Corp. v. Minnesota Mining and Manufacturing Co.*, 350 F. 2d 134 (9th Cir., 1965) also based on California law, appears to fully support the decision in the present litigation.

Conclusion.

It would appear that the petitioners have not raised any substantial ground which would show that the decision in the present litigation is in conflict with any law or statutes, either federal or state, or in conflict with any constitutional rights of the petitioners. Petitioners merely raise strong objections to the decision and do not agree with the application of the existing law to the facts of this litigation. Since this is not a sufficient ground for this Court to issue a writ of certiorari, the Petition for Writ of Certiorari should be denied.

Dated: April 9, 1971.

Respectfully submitted,

CHARLES H. SCHWARTZ,
ELLSWORTH R. ROSTON,
WILLIAM H. PAVITT, JR.,
Counsel for Respondent.